

Title of Report	Security Framework Extension
Key Decision No	
For Consideration By	Cabinet Procurement & Insourcing Committee
Meeting Date	18 July 2022
Cabinet Member	Cllr Chapman, Cabinet Member for Finance and Corporate Resources
Classification	Open
Ward(s) Affected	All
Key Decision & Reason	<p>Yes</p> <p>Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function</p>
Implementation Date if Not Called In	25 July 2022
Group Director	Ian Williams, Group Director for Finance and Corporate Resources

1. **Cabinet Member's introduction**

- 1.1. The use of security services is a highly visible and fundamental part in the delivery of front facing services in key Council premises such as the Hackney Service Centre and Town Hall. It also provides safe and secure estates to many of our residents with concierge services.
- 1.2. The security service not only assists the Council in fulfilling its duty to provide effective safe environments for its visitors, staff and customers, but also provides inherent organisational resilience via security contingency arrangements when required; as exemplified during the Council's pandemic response in which the security service was key in quickly mobilising support to vulnerable Hackney residents.

- 1.2 I commend this report and the recommendation for an extension of the existing security arrangements, as this enables the Council to give full consideration and complete an exhaustive investigation into insourcing the service. The outcome of which I look forward to discussing with colleagues.

2. **Group Director's introduction**

- 2.1. This report requests approval to extend the current security framework contract for Council regular and reactive security requirements and concierge services for Hackney residential blocks for a 12 month term.

3. **Recommendations**

Cabinet Procurement & Insourcing Committee is recommended:

- 3.1. **To agree the extension of the current Corporate Security contract with CIS Security Ltd to cover the period 4th August 2022 to 3rd August 2023**

4. **Reason(s) for decision**

- 4.1. The current contract between the Council and CIS Security Limited, which has a 4 year term and commenced on 4th August 2018, will expire on 3rd August 2022. The development of a business case is well underway but will not be concluded with the opportunity to present to the Cabinet Procurement & Insourcing Committee before contract expiration.

- 4.2. The security framework comprises three service lots. The three lots are:

- Lot A. Civic buildings security including guarding, key holding and alarm response
- Lot B. Vacant Premises & Estate security
- Lot C. Residential concierge service

- 4.3. The proposed extension will allow officers to conclude a full and exhaustive options appraisal including realignment of resources, redevelopment of remit and service model to better serve the current and future needs of the Council. In turn it will provide suitable and sufficient time for the decision making process and mobilisation of a new service. This period would also be used to implement the appropriate service structure and tools required to deliver an in-house service if it becomes apparent that this option is viable, practicable and offers best value for money for Hackney. It will also allow suitable consultation with Council tenants and leaseholders in relation to the future provision of the concierge service element of the framework. With the approval of the extension, the end date of the contract will be 3rd August 2023. Exhaustive work has been done on the insourcing of the security service and the extension will allow that full investigation to be completed,

the outcome of which will soon be presented to Cabinet.

- 4.4. In 2021/22 the annual cost of contracted security services across the Council was £2.557M for Civic building security, £2.143M for Vacant premises & estate regeneration security and the Concierge service cost was £1.264M. The service will continue to be funded from service budgets and resident recharges for concierge service. This report's primary objective is to obtain approval for an extension in order to meet Council's responsibility of providing a secured environment for staff and customers visiting Council premises as well as secure the Council's housing estates.
- 4.5. Corporate Facilities Management is leading on a joint business case development with Housing for a new security service and some of the delays experienced during the options appraisal have necessitated the extension of the current contract.
- 4.6. The pandemic presented unprecedented challenges and demand on the Council. The primary focus for Facilities Management for much of that time was the implementation and management of safe work environments in line with constantly developing Government guidance. In so doing the Council was able to continue making Services safely accessible and available to residents as well as providing staff with sufficient assurance.
- 4.7. FM worked closely alongside all Council Services, the team listened to and engaged with staff to overcome notable barriers, such as staff anxiety about returning to the office. Safety was always at the forefront of arrangements and approach. However, the team strived to ensure that working arrangements maximised opportunities for Services to carry on BAU within the workplace, despite the significant constraints placed on the Council by the pandemic. These have included developing/changing one way systems, monitoring ventilation/CO2 levels and introducing enhanced cleaning protocols, such as dedicated cleaners for shower facilities to encourage wider staff cycling as an alternative to public transport and a new fire strategy in line with flexible working.
- 4.8. The pandemic had impact on the resource for business case development of the security service, but officers have at length assessed insourcing the security framework over the course of the last 18 months, including dissecting the service into factions.
- 4.9. The Security service played an important role in Facilities Management and indeed wider Council pandemic response. The flexibility and fluidity of the service enabled swift deployment and mobilisation of the pan-borough PPE hub, Foodbanks, test & vaccine centres, and COVID Temporary Accommodation sites for some of the borough's most vulnerable.
- 4.10. The contracted service has performed well in meeting its targets and objectives to ensure council buildings are safe, secure and welcoming in readiness for public and staff daily. The service has also risen in successfully

meeting many challenges with high profile events such as the Local and Mayoral elections. The service provider employed maximum flexibility in delivering a high calibre service for these event programs, as well as supporting the COVID secure GLA election so that residents were able to cast their votes in a safe manner in each of the 130 polling stations across the borough.

- 4.11. On this basis, officers certainly see value in insourcing the security service. However the business case development has been met with many key challenges that officers have proactively worked to overcome. These have been centred on risk, the workforce, business strategy and finance.
- 4.12. Not to extend the contract would result in suspension of a security service to 27 Council premises, 13 residential blocks, 13 regeneration sites, which in turn would subject visitors, staff and vulnerable persons to undue risks. As well as predominant security and safety risks, there would be a notable reputational impact to the Council derived from front-facing facilities, ranging from core sites such as the Hackney Service Centre, to Hackney Libraries, to socially and geographically embedded Hackney Community Halls and Opportunity hubs.
- 4.13. The absence of a contract would however have immediate impact on effective venue hire of spaces such as Hackney Town Hall, the ability to uphold the terms of hire to the public and as such diminish revenue income generated. It would also mean that the Council would not be able to fulfil its delivery of concierge services for which the full cost is recovered from residents.

5. **Details of alternative options considered and rejected**

5.1. **Option - Not to extend**

- 5.2. The option not to extend was considered and rejected on the basis that the Council has a duty of care to provide safe and secure environments for its staff and visitors.

5.3. **Option – To extend for less than a standard one year term**

- 5.4. The option to extend for less than a standard one year term was considered and rejected. An extension period is only being sought sufficient for diligent options appraisal/business case development and subsequent resident Section 20 consultations.

5.5. **Option – In-house provision**

- 5.6. The period of the extension will allow officers to scrutinise operational and financial benefits and disadvantages of in-house provision fully; including social impact such as projected effects on working patterns and resources. Comprehensive due diligence in the options appraisal process at business case development will allow officers to identify the most effective VFM

service for the Council going forward.

6. **Background**

- 6.1. The interrogation of service options by Facilities Management and Housing Services, has been proportional to the potential risks of changing from outsourced provision. As such the options appraisal has been a thorough and lengthy process
- 6.2. It was the Council's intention to remove subsidies for residential Concierge services. These plans were realised and achieved under the current contract with the Council's subsidy reduced in annual phases: last year the full cost of the concierge service was recovered from tenants and leaseholders.
- 6.3. Therefore insourcing, as with reprocurement of the service, will be subject to Section 20 resident consultation and cannot be lawfully implemented until stage 2 of that consultation process is complete. The process for which can be lengthy, depending on the service and associated costs presented to residents.
- 6.4. Without this level of due diligence the Council ran a significant risk of inadequate assessment of financial and operational factors, which in turn would have had the potential of leading to a proposal that would ultimately be unsustainable.
- 6.5. The service will continue to be provided at current contract charge rates. The projected spend for the 12 month extension term will be:

Contract Lot	Service	Cost
Lot A	Civic buildings security including guarding, key holding and alarm response	£2.663M
Lot B	Vacant Premises & Estate security	<£2.134M
Lot C	Residential concierge service	£1.331M

- 6.6. Unlike Lots A & C, the demand for Lot B Vacant Premises & Estate Security fluctuates and service levels are inconsistent with sites frequently coming on and off of the account.
- 6.7. No savings will be generated for the Council's elements of the security

service, which will continue to be delivered on current contract charge rates and funded by individual service budgets.

6.8. The contract will continue to be managed by the Facilities Management Team. This will be done via recognised contract management tools:

- Monthly contract meetings
- KPI reporting
- Monthly supplier performance reports
- Invoice checking
- Customer satisfaction surveys
- Quarterly strategic reviews

The contract sets out management expectations and mechanism for the relationship between the Council and the service provider. The contract specification sets out the frequencies of operational tasks, strategic meetings and the route for problem resolution.

6.9. Full cost recovery for the residential concierge service will continue for the proposed 12 month extension term.

Equality impact assessment

6.10. The service provider shall continue to comply with the Equality Act 2010 and the Council's standards as per its contractual obligations defined at time of tender. The extension of the current contract and its payment of LLW will continue in its regard to economic, social and environmental well-being in line with the Public Services (Social Value) Act 2012.

6.11. The ethnography of the current workforce is diverse, comprising 74% from the global majority, 24% are local residents and 10% are female.

Sustainability and climate change

6.12. The service provider will continue its contractual obligation to comply at all times with the Environmental Protection Act 1990 and other relevant legislation but also with the environmental policies of the Council.

6.13. The Council's commitment to LLW will continue in the proposed extension using the same payment structure that is in place with the current arrangements. As is standard practice, annual LLW pay increment announcements in November are implemented for the 1st April the following financial year in line with LLW guidelines.

Consultations

6.14. As part of the development of the specification and during the tender period, consultation will take place with the following internal stakeholders:

- Accommodation Team
- Housing Estate Safety team
- Housing Finance
- Resident representatives (for concierge)
- Libraries
- Housing Needs Temporary Accommodation Service
- Property Services
- Waste Services
- Events
- Community Centres
- Employment, Skills & Adult Learning

6.15. Implementation of a new concierge service will be subject to Section 20 resident consultation and cannot be lawfully implemented until stage 2 of that consultation process is complete.

6.16. Risk assessment

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
Procurement related commercial risk of challenge to contract extension from other potential contractors / bidders	L	M	L	Provided that LBH meet the commitment to, concurrent with extended contract period, mobilise an insourced service and/or run a procurement competition, then there is very little chance of a challenge as the challengers would also be

				<p>the bidders / participants. The cost of litigation against such a revenue / profit opportunity within each contract lot is also likely to discourage challenge, including those without merit and vexatious.</p>
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7. Comments of the Group Director of Finance and Corporate Resources.

7.1 This report seeks the approval to extend the existing security contract which has increased in line with the London Living Wage uplift for 2022/23. The contract is split into 3 lots;

- Lot A - Civic Buildings/Key Holding & Alarm Response (£2.66m)
- Lot B - Vacant Premises & Estate security (c.£2.13m)
- Lot C - Residential concierge service (£1.33m)

7.2 The 2022/23 security budget for the council is £2.6m and therefore a shortfall of £60k exists against the fixed security costs (Lot A). Vacant Premises and Estate Security costs (Lot B) are difficult to predict as they are reactive in nature. However, as all of the security budgets will be used to fund Lot A, services will need to manage the shortfall and any additional spend within their existing budgets by assessing the need for other areas of expenditure.

7.3 The residential concierge service (Lot C) will be recovered through service charges to tenants and leaseholders

8. Comments of Procurement Category Lead

8.1 Extension of the current framework call-off contracts has become necessary due to delays in completing the options appraisal for future delivery of the Council's Security Service requirements and the imminent expiry of the framework on 3rd August 2022.

8.2 The total value of the requested extension is £6.1M, and was not provided for in the original agreement. This is presented for approval by CPIC in accordance with Contract Standing Order 4.8.

8.3 A 12 month extension is requested which provides sufficient time to complete a compliant procurement or insourcing exercise following the intended approval of a Business Case in September 2022.

9. **VAT implications on land and property transactions**

None

10. **Comments of the Director of Legal, Democratic and Electoral Services**

10.1 The current call-off contracts for lots A, B and C under the Security framework are due to expire on 3rd August 2022 and this Report sets out the reasons why it has not been possible to undertake a procurement process to appoint a provider to continue service provision after such date. Therefore it is proposed to award a contract extension in respect of the call-off contracts under such framework to the current service provider. The Council shortly intends to submit to Cabinet Procurement and Insourcing Committee a Business Case in respect of the procurement of a new service so the proposed extensions are intended to cover the period until such new service commences.

10.2 It should be noted that there is, therefore, some risk to the Council that a challenge to the award of the contract extensions could come from competitors the Council has not approached to undertake the services. If such a challenge were successful it is likely that the Council would be liable to pay the lost profits of a party who has successfully challenged as well as the costs of bringing such a challenge and potentially a fine from the government for a breach of the Regulations. This should be considered in the decision to approve the award in this Report.

Appendices

None

Exempt

By Virtue of Paragraph(s) **(3)** Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains

Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public

interest in disclosing the information.

Background documents

None

Report Author	Paul Saunders Facilities Operations & Contracts Manager 0208 356 6807 paul.saunders@hackney.gov.uk
Comments for the Group Director of Finance and Corporate Resources prepared by	Jenny Han-Nguyen Group Accountant - F&R 0208 356 6517 jenny.hannguyen@hackney.gov.uk
Comments for the Director of Legal, Democratic and Electoral Services prepared by	Patrick Rodger Senior Lawyer 0208 356 6187 patrick.rodger@hackney.gov.uk